

Service Date: April 11, 1996

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application)	
of PACIFICORP For Authority)	UTILITY DIVISION
to Issue and Sell or Exchange)	DOCKET NO. D96.3.38
Not More than \$250,000,000 of)	DEFAULT ORDER NO. 5908
its No Par Serial Preferred)	
Stock.)	

On March 11, 1996, PacifiCorp (Company), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to ' ' 69-3-501 through 69-3-507, MCA, requesting an order authorizing the Company to issue and sell or exchange, from time to time, shares of its fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than \$250,000,000.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of the Company's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 1701 Prospect Avenue, Helena, Montana, on April 8, 1996, there came before the Commission for final action the matters and things in Docket No. D96.3.38, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. The Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.

2. The Company is operating as a public utility as defined in ' 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3. The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon. The Company uses the assumed business names of Pacific Power & Light Company and Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

4. The Commission has jurisdiction over the subject matter of the application under § 69-3-102, MCA.

5. Notice of the application was published as a part of the Commission's regular weekly agenda.

6. The Company proposes to issue the Preferred Stock from time to time in one or more offerings in either public offerings or private placements. Underwriters or placement agents will be selected after negotiations with a group of potential candidates. The firm or firms selected to lead an offering under this authority will be determined by the Company's opinion on their ability to provide the Company the lowest all-in cost for the Preferred Stock to be issued. This opinion is based upon the level of underwriting or placement fees, knowledge of the Company and its varied operations, and their ability to market the Preferred Stock to achieve the Company's financing and capital structure objectives.

7. The dividend rate on the Preferred Stock will be fixed or floating as determined by the Company's Board of Directors, Finance Committee, or Pricing Committee, following negotiations with the underwriters or purchasers.

8. Dividends on the shares of Preferred Stock will be cumulative from the Date of Original Issue and will be payable, when, as and if declared by the Board of Directors of the Company out of funds legally available therefor (Declared Dividends). Dividends will be cumulative at the rate established at the date of original issue for fixed rate No Par Serial Preferred Stock or at a floating rate for floating rate No Par Serial Preferred Stock.

9. The Company expects to issue the Preferred Stock from time to time for cash or in exchange for its outstanding securities. The terms of the new shares of Preferred Stock will be established after negotiations with the underwriters or purchasers and may include sinking funds and optional or mandatory redemption or repurchase provisions.

10. Offering costs are not expected to exceed 3.15% for the Preferred Stock.

11. The results of the financings are expected to be:

ESTIMATED RESULTS OF THE FINANCINGS

	<u>Total</u>	<u>Per \$100</u>
Gross Proceeds	\$250,000,000	\$100.00
Less: Underwriting Fees at Approximately 3.15%	<u>7,875,000</u>	<u>3.15</u>
Proceeds Payable to Company	\$242,125,000	\$ 96.85
Less: Other Issuance Expenses	<u>550,000</u>	<u>0.55</u>
Net Proceeds to Company	<u>\$241,575,000</u>	<u>\$ 96.30</u>

12. The Company intends to use the proceeds for purposes set forth in ' 69-3-501 MCA. Proceeds may be used for one or more of the following purposes: the acquisition of property; the construction, completion, extension, or improvement of facilities; the improvement of service; the discharge or refunding of obligations; and to reimburse the Company for funds expended from income or from other treasury funds that were not derived from the issuance of securities, provided that the funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by ' 69-3-501 MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

13. Issuances of the Preferred Stock proposed are part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests and market uncertainties as to the relative merits of the various types of securities the Company could sell.

14. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS OF LAW

1. The proposed issuances of Preferred Stock to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

2. The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp filed on March 11, 1996, for authority to issue and sell or exchange, from time to time, shares of its fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than \$250,000,000, pursuant to ' ' 69-3-501 through 69-3-507, MCA, and to use the proceeds as described in the application, is approved.

2. The authority granted herein shall remain in effect until December 31, 1997.

3. PacifiCorp shall file the following as they become available:

- a. The "Report of Securities Issued" required by 18 CFR 34.10.
- b. Verified copies of any agreement entered into in connection with the issuance of preferred stock pursuant to this Order.
- c. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to the order.

4. Issuance of this Order does not constitute acceptance of PacifiCorp's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

5. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

6. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

7. This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 8th day of April, 1996, by a 5 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

NANCY McCAFFREE, Chair

DAVE FISHER, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.